



Teachers'  
Pension Plan  
Board

# Your Pension Plan Guide

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Publications

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**Ontario M2M 4H5**

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**Phone**

Metropolitan Toronto	226-2700
Toll-free	1-800-668-0105

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**Phone-A-Memo**

Metropolitan Toronto	226-4200
Toll-free	1-800-387-0945

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<b>Fax</b>	<b>(416) 730-5349</b>
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**Confidentiality**

In order to administer the pension plan properly, we must collect and maintain a considerable amount of personal information about our members. We use this information only to carry out our responsibilities under the Teachers' Pension Act. We treat all personal information as confidential and protect members' privacy.

The information in this guide is based on the Teachers' Pension Act as of December 1992. The act may change; for up-to-date information please call your customer service specialist.



Welcome to the plan  
Who manages the plan  
Information when you need it

The basics

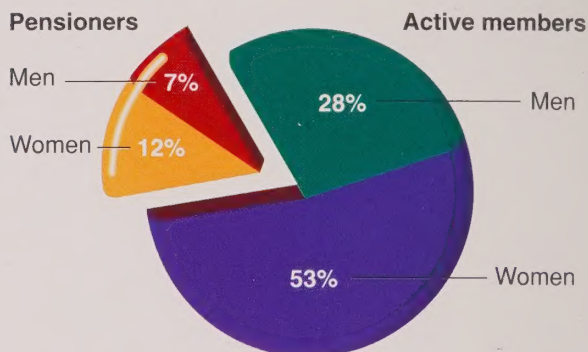


## Welcome to the plan

*In 1992, the plan had more than 160,000 active members, and was paying pensions to over 40,000 retired teachers. The total assets of the plan were over \$27 billion.*

We're pleased to introduce you to the Ontario Teachers' Pension Plan and the benefits it can provide you.

Even if you've just started teaching and retirement seems a long way off, there are things you should know about your pension plan now that will become increasingly important later on.



This guide provides essential information about the plan — how it works, the benefits you're entitled to, and your responsibilities as an active member. It also tells you where you can find answers to your questions.

### What we need from you

- 1 If you haven't already enrolled in the plan, please call us or ask your employer for an enrolment application right away.
- 2 If you change your name, address, or spousal relationship, please send us an Information Update form (sent with your Annual Statement or found in every Exchange newsletter) or call your customer service specialist. You can then be sure that we'll keep you up-to-date with information about your pension benefits.

## Who manages the plan

The Ontario Teachers' Pension Plan Board administers the plan with the highest professional standards and invests its assets to provide members with an assured retirement income.



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Reporting to a board of nine directors, we have about 250 employees who work to serve the members — collecting information, processing requests, explaining various plan options, and investing plan assets to ensure that you receive the plan benefits to which you're entitled.

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## **Information when you need it**

*You're always welcome to come in for a meeting with your customer service specialist. Just call or write to make an appointment.*

*Call for personal service toll free 1-800-668-0105 or, in Metropolitan Toronto, 226-2700.*

*Call Phone-A-Memo toll free 1-800-387-0945 or, in Metropolitan Toronto, 226-4200.*

### **Remember**

*We need your current address.*

We're committed to making it easy to get information about the plan. When you have questions, you can get answers from any of the following sources:

### **Personalized customer service**

Once you're enrolled in the plan, we'll send you an enrolment confirmation that includes verification of your personal information. Whenever you need service, we'll assign a customer service specialist to help you.

### **24-Hour Phone-A-Memo**

This service provides recorded information on a variety of topics, such as applying for pensions, purchasing credited service, or survivor pensions.

### **Customized communications**

Every year, you'll receive an Annual Statement that shows your estimated pension at typical retirement ages and summarizes your years of credit to date. Throughout your teaching career, we'll keep you informed of plan changes that might affect your pension or options that become available to you. In addition, you can ask your customer service specialist for written information on any topic related to your pension.

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*Read Exchange to keep  
up-to-date with the plan.*

### ***Exchange***

Three times each year, we send the *Exchange* newsletter directly to your home, keeping you informed of the pension board's activities and any changes to the plan. The newsletter also contains an Information Update form that you can use to notify us of any changes in your situation.

*Watch for notices from your  
federation or employer and  
listings in Exchange for the  
time and place of scheduled  
presentations.*

### **Presentations and workshops**

Every year, we participate in workshops and pre-retirement programs to present the benefits available through the plan. Before and after the presentations, our staff is available to take questions and discuss individual pension matters.



Required membership  
Optional membership for occasional teachers  
Transferring credit into the plan  
Buying credit for previous employment

Joining the plan





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## Required membership

You automatically become a member of the plan when your employer deducts plan contributions from your pay and you accrue credited service as an Ontario teacher. However, you still must officially enrol to give us your address and beneficiary information. You become a member of the plan if you are:

- qualified as an Ontario teacher (including Letters of Standing or Permission);
- employed by a school board (full or part-time) or were employed as an occasional teacher before 1990; and
- under age 71.

If you meet these qualifications and have not already enrolled, please get an enrolment application from your employer and send it to us.

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## Optional membership for occasional teachers

### *Know the benefits*

*If you're an occasional teacher and want to know the benefits of joining the plan, please turn to page 9 and read about one of the special features of this plan, "qualifying years."*

If you are a new occasional teacher, you have the option of becoming a plan member. If you choose not to become a member when you start as an occasional teacher, you can always change your mind and contribute in the future. However, you won't get credit for your time as an occasional teacher before you contributed to the plan.

If you expect to teach more than 20 days a year, it's to your benefit to contribute. Call us or your teachers' federation if you have any questions about the benefits of membership.

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## Transferring credit into the plan

### *Time limits*

*Let your customer service specialist know as soon as possible that you are interested in transferring. Agreements with some plans have time limits.*

If you have contributed to another pension plan and have not taken a refund, you might be eligible to transfer the credit into the teachers' pension plan.

We have reciprocal agreements with many other plans, for example, teachers' plans in other provinces, the public service, municipalities, universities, colleges and churches. If you have participated in another pension plan and would like to transfer your credit, just let your customer service specialist know.

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## Buying credit for previous employment

If we don't have a reciprocal agreement with your former employer, you still may be eligible to buy credit for the time you have previously worked. As long as you were contributing to a pension plan registered in Canada, you may be able to buy credit in the teachers' pension plan. Ask your customer service specialist to estimate the cost of buying credit for your previous employment.





Contributions to the plan

Years of service

Vesting

Long term income protection (LTIP)

Option to buy credit

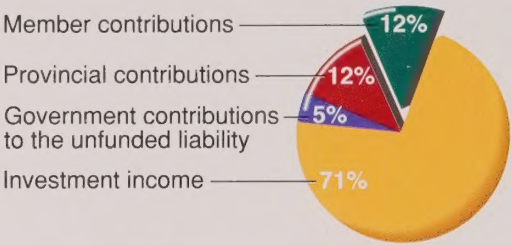
How to buy credit in the plan

While you're teaching



Contributions to the plan

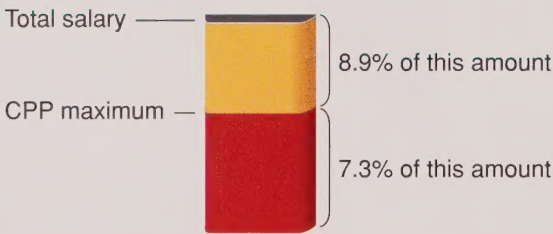
Contributions to the pension plan are deducted directly from your salary. But members' contributions are generally the smallest source of income for the plan. In a typical year, the plan's income comes from the following sources:



**Remember!**  
*It's your salary and years of service — not your contributions — that determine your pension.*

Your contributions to the teachers' pension plan are 7.3% of your salary up to the maximum salary level set by the Canada Pension Plan (CPP). (Up to this maximum, contributions are also deducted from your salary for CPP.) For any part of your salary above the CPP maximum, your teachers' pension plan contribution is 8.9%.

Ontario Teachers' Pension Plan contributions



**Example**  
If CPP sets a maximum of \$32,500, and your salary is \$50,000, your contributions to the teachers' pension plan would be:

Salary Component	Rate	Amount
\$50,000	8.9% of \$17,500	= \$1,557.50
\$32,500	7.3% of \$32,500	= \$2,372.50
<b>Contributions to the plan =</b>		<b>\$3,930.00</b>

Years of service

The length of your teaching career affects the amount of your pension and when you are eligible to receive it. We measure your teaching time in two ways:

Credited service

This is the actual number of years, months, and days that you have taught or contributed to the plan. We use this figure to calculate the amount of your pension.



**The 90 Factor**

*When your age plus your qualifying years equals 90, you're eligible for an unreduced pension, even if you're under 65.*

**Qualifying years**

This tallies the number of years in which you have taught for at least a portion of the year. Qualifying years determine *when* you're eligible to receive a pension, but do not affect the pension amount. (In the past, we called this annualized service.) Because of changes in the plan, there are different rules for measuring your qualifying years.

**Measuring your qualifying years**

<i>For the school years</i>	<i>Days needed for one qualifying year</i>
before September 1, 1990	at least 1/2 day
after September 1, 1990	more than 20 days

**Example**  
If you teach 45 days in 1993/94, you will earn 45 days of credited service and one qualifying year.

**Vesting**

*Vesting* means you are entitled to a future pension. Depending on when you started teaching, different portions of your pension benefits might become vested at different times.

**Transferring benefits**

*If you stop teaching after your benefits are vested and locked in, you may be able to transfer them to another locked-in pension plan or RRSP.*

In addition, some or all of your vested benefits might be *locked into* the plan until you go on pension. This means you cannot withdraw your contributions if you leave teaching.

**Vesting schedule**

<i>Credited service</i>	<i>Vested after</i>	<i>Locked in after</i>
before 1987	10 qualifying years	10 qualifying years and age 45
after 1986	2 qualifying years	2 qualifying years

**Long term income protection (LTIP)**

Many members have long-term income protection agreements with their employers that provide coverage during a period of disability. If you have such an agreement and become disabled, you will still be an active member of the plan while you are on LTIP. As long as your contributions continue, you'll remain an active member. Contact your customer service specialist for more information.

**Option to buy credit**

**Leaves of absence**

Many teachers take temporary leaves of absence during their teaching careers. If you take a leave, you may choose to continue contributing while on leave or to buy credit for the time that you weren't teaching when you return. Buying credit builds up your credited service and may increase your qualifying years. You will receive a higher pension and may be able to retire earlier.



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### Breaks in service

If you quit and later return to teaching, you may be able to buy credit for the break in your career if it occurred for one of the following reasons:

- pregnancy, adoption, or care of a child under age 7;
- compassionate care or ill health; or
- political office.

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## How to buy credit in the plan

Your customer service specialist will send you a customized statement that tells you how much credit you're eligible to buy and the cost. There are three ways to buy credit:

### 1 During your leave of absence

The least expensive way to buy credit is to give us post-dated cheques for your contributions at the start of your leave.

Because your contributions continue as if you were teaching, you won't be charged any interest.

### 2 Within one year

If you don't pay during your leave, you should apply to buy credit within one year of your return to work. You'll be charged for your missed contributions plus interest, which must be paid as a lump sum within three years of your return to work (or five years in the case of parental leave).

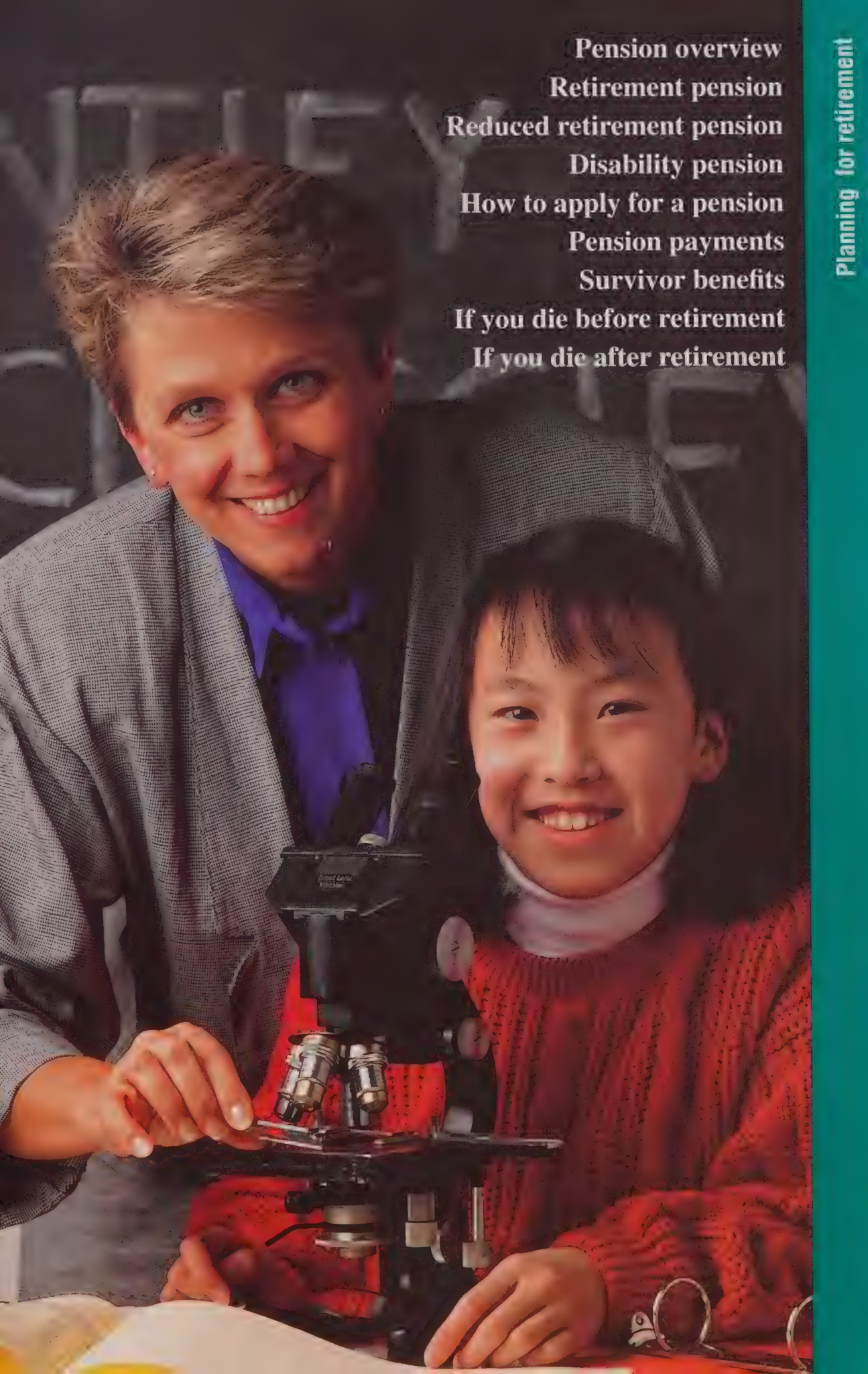
### 3 After the deadlines

If you don't apply within one year or pay within three years, you must pay the actuarial cost of buying credit. The actuarial cost is the increase in value of your pension as a result of the additional credit, valued in today's dollars. This can be very expensive.

#### Tip

*It's best to pay while on leave and save interest charges.*





**Pension overview**  
**Retirement pension**  
**Reduced retirement pension**  
**Disability pension**  
**How to apply for a pension**  
**Pension payments**  
**Survivor benefits**  
**If you die before retirement**  
**If you die after retirement**



Pension overview

The plan will pay you a lifetime pension, indexed to inflation, when you become eligible due to retirement or a disability. Your salary and years of credit determine the amount of your pension. When you die, there are also benefits paid to your eligible survivor or estate.

As you get closer to retirement, your customer service specialist will provide more specific information to help you prepare for your pension years.

Retirement pension

Eligibility

Once you have completed two qualifying years, you're entitled to a future retirement pension. You become eligible for an unreduced retirement pension when you reach 65 or when your age plus qualifying years equals 90 (the 90 factor), regardless of your age.

*Qualifying years are used to determine your 90 factor. Actual teaching time (credited service) determines the dollar value of your pension.*

Example

If you're 57 years old and have taught for 33 qualifying years, you've hit the 90 factor and are eligible for an unreduced pension.

How your pension is calculated

Average "best 5" salary	x	Credited service	x	Pension factor 2%	=	Basic annual pension
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Example

If you earned an average of \$50,000 in your five highest salary years and have 36 years of credited service, your basic annual pension would be:

Average "best 5" salary		Credited service		Pension factor		Basic annual pension
\$50,000	x	36	x	2%	=	\$36,000

Integration with the Canada Pension Plan (CPP)

After age 65, you'll receive retirement pensions from both the teachers' pension plan and the CPP. We will adjust your teachers' pension to offset the approximate amount you'll receive from the CPP. This adjustment starts at age 65, even if you take your CPP pension as early as age 60.

Reduced retirement pension

*You can ask for a pension estimate at anytime in your career.*

If you want to retire before you reach the 90 factor or age 65, you can take a reduced, early retirement pension. You're eligible for a reduced pension as soon as you reach age 55.

Your reduced pension is calculated just like a regular retirement pension, and then reduced by 5% for each year that you're under the 90 factor or under age 65 (whichever is less). The maximum reduction is 50%.



**Remember!**  
When you reach age 65, your pension will be adjusted to offset the approximate amount of pension you'll receive from the CPP.

**Example**

Assume that you're age 55 and have taught for 30 qualifying years. Therefore, you're 5 years under the 90 factor. The average of your five best salaries is \$50,000 and you have 27 years of credited service. Your basic annual pension would be:

Average salary	Credited service	Pension factor	
\$50,000	x 27	x 2%	= \$27,000

This amount is then reduced by 25% (5% for each year under the 90 factor).

Basic annual pension	Reduction amount	Reduced basic annual pension
\$27,000	25% of \$27,000	
	\$6,750	= \$20,250

**Disability pension**

Your pension is reduced as soon as you receive a CPP disability pension.

You are entitled to a disability pension if you become disabled while you are employed in education and can no longer work in any capacity, **and** you have at least 10 qualifying years in the plan.

Your disability pension is calculated just like a regular retirement pension.

**Disability pension calculation**

Average of your five highest annual salaries	x	Years of credited service	x	Pension factor of 2%	=	Basic annual pension
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If you are partially disabled and unable to teach, you may take a reduced disability pension, provided you do not return to teaching. Your partial disability pension is calculated like a regular disability or retirement pension and then reduced by 2.5% for each year that you're under the 90 factor or under age 65 (whichever is less).

**How to apply for a pension**

At least three months before you plan to retire, let your customer service specialist know your expected retirement date. We'll send you a customized retirement kit that contains the information you need to finalize your plans.

**Pension payments**

When you go on pension, we'll deposit your monthly pension payment directly in your bank account. We'll continue to make monthly pension payments for the rest of your life.

Your pension amount will be increased annually to adjust for inflation, based on the change in the Consumer Price Index to a maximum of 8% with excess carried over to future years. Each year, we'll send you a confirmation of your increased pension amount.



<b>Survivor benefits</b>	When you die, the plan will pay survivor benefits to your eligible spouse, children, or other beneficiary. The type and amount of benefits depends on who your survivor is and whether you die before or after you go on pension.
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<b>If you die before retirement</b>	The benefits paid depend on who your eligible beneficiary is and how much credited service you have accrued.
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*Changes?*  
*Remember to tell your customer service specialist if there's a change in your spousal status.*

**Eligible beneficiary**

*Spouse*  
If you have an eligible spouse at the time of your death, he or she will receive survivor benefits from the plan. Your spouse is eligible if, at the time of your death, you are living together:

- and were legally married; or
- you had been living together continuously for at least three years or were the parents of a child.

*Children*  
If you don't have a spouse, the survivor benefits will be shared equally among your children for as long as they remain eligible. For eligibility, your children must be:

- under age 18;
- between 18 and 25 and still attending full-time, continuous education;
- or
- disabled.


*Other beneficiary*  
If you don't have a spouse or children, you may name a beneficiary to receive benefits from the plan. You can designate this beneficiary by sending us an *Information Update* form or notifying us in writing.

*No beneficiary*  
If you die without an eligible beneficiary, we'll pay any applicable benefits to your estate.

<b>If you die after retirement</b>	If you're living together at retirement, your spouse will receive a pension of between 50% and 75% of your pension, depending on what you both choose. If you do nothing, your spouse's pension will automatically be 60% of yours. Call us a few years before retirement for more information.
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If you are single without any eligible children, we'll pay your estate your remaining contributions plus interest.



A man in a dark suit, light blue shirt, and striped tie sits on a wooden bench, looking towards a young boy. The boy, wearing a denim jacket and jeans, sits opposite him, looking back. They are both smiling. The background is a wooden wall.

Please notify us!  
Deferred pension  
Transfer  
Refund

If you leave teaching



Please notify us!

If you permanently stop teaching in Ontario before you're near retirement age, you have several options for receiving the pension benefits you've accumulated. As soon as you let us know that you've left teaching, we'll send you a personal description of the options available. At that time, it would probably be helpful to discuss the options with a financial advisor to make sure you select the one that's best for you.

Deferred pension

*Your age when you stop teaching is used to determine the 90 factor*

As long as you've completed two qualifying years, you can leave your vested pension benefit in the plan and go on pension in the future. You'll be eligible for an unreduced pension when you reach age 65, and eligible for a reduced pension at 55.

Your deferred pension is calculated just like a regular retirement pension:

Deferred pension calculation

Average of your  
five highest  
annual salaries

x

Years of credited  
service

x

Pension factor  
of 2%

=

Basic annual  
pension

If you choose a reduced pension, your basic annual pension will be reduced by 5% for each year that you're under 65 or under the 90 factor (whichever is less) to a maximum of 50%.

Transfer

We have transfer agreements with other educational and government institutions. If you become employed by one of them, you can transfer your credited service in the teachers' pension plan into your new employer's plan. Let your customer service specialist know if you would like to transfer into a reciprocal plan.

You may be able to transfer the value of your pension benefits to another locked-in pension plan or RRSP or you may be able to purchase a life annuity. The amount transferred will be the present value of your pension as of the day you stopped teaching in Ontario.

Refund

Three months after you stop teaching, you can receive a refund of your contributions to the plan if they aren't yet locked in. Your refund will be your contributions plus interest. If some of your contributions are locked in (but not all), you can get a refund of the non-locked-in portion and then take the remainder as a deferred pension or a transfer.





Keep your Annual Statement  
and other pension information  
here in the "back pocket"



The back pocket



